BMW Group

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National Highway Traffic Safety Administration
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U.S. Department of Transportation
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1200 New Jersey Avenue SE
Washington, DC 20590

Subject: The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks

Docket ID Nos. EPA-HQ-OAR-2018-0283; NHTSA-2018-0067

On behalf of BMW AG, BMW of North America, LLC (the BMW Group or BMW) appreciates the opportunity to comment on the Notice of Proposed Rulemaking on the Safer Affordable Fuel-Efficient (SAFE) Vehicle Rule for Model Years 2021-2026 for Passenger Cars and Light Trucks. In keeping with our corporate commitment to reducing greenhouse gases, BMW commends both EPA and NHTSA for listening to and collaborating with automakers in their efforts toward developing this complex issue covering model years 2021 to 2026 in order to keep the One National Program (ONP) in place.

General Comments on the NPRM SAFE

The BMW Group strongly supports the continuation of the ONP in the rulemaking process in order to avoid conflicting and counter-productive regulations.

To that end, we are very supportive of close cooperation between CARB and federal agencies to find a compromise to develop those standards nationwide. Any action taken in isolation should be avoided, as such an approach may lead to a patchwork situation of legislation for the whole USA market.

The overall objective should be the setting of reasonably ambitious but still achievable standards for vehicle manufacturers. Based on the latest available data incorporated in the joint proposed rule by EPA and NHTSA, future standards should be set with a realistic view to further implementation of fuel saving options and the uncertainties around the impact of electrification of passenger cars and light trucks in the years to come. Therefore, the BMW Group supports setting the same relative GHG reduction efforts for passenger cars and light trucks.

We support fiscal incentives as an additional means to support market uptake for more fuel efficient vehicles, especially plug-in electrified vehicles, and improving customer acceptance for

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such new technologies provided they do not distort the development of technologies or the market. Moreover, innovations should be rewarded equally in all market segments and a fragmentation of the US motor vehicle market needs to be avoided.

The BMW Group supports the comments of the Alliance of Automobile Manufacturers.

In addition, we like to highlight some aspects from a BMW Group perspective that should be taken into account in the following rulemaking process.

BMW is committed to reducing the emissions of its fleet. As a manufacturer active in the premium vehicle market, we have already introduced a significant number of fuel saving technologies and have implemented those throughout almost all of our model portfolio. Yet, the BMW Group´s product and specific US premium vehicle market characteristics require higher levels of technology in order to meet CO2 standards.

As further conventional technologies show lower reduction potentials, the BMW Group is very committed to deploying plug-in electric vehicles. These vehicles will become crucial for compliance with future standards, and customer acceptance is key for achieving the required sales volumes.

The market success for electrified vehicles is not only driven by the vehicles put on the market by the manufacturers but also and foremost by external factors such as supportive purchasing incentives, charging infrastructure development, tax measures and fuel prices. All of the named factors, which are outside the control of motor vehicle manufacturers, will strongly impact the overall market shares for plug-in electric vehicles. It is key to have incentive schemes for plug-in electric vehicles and for the deployment of charging infrastructure in place all over the US, and any changes of such schemes will impact future market shares accordingly and therefore need to be considered for setting future standards.

Upstream Emissions – Proper Allocation of Responsibilities

The BMW Group accepts the responsibility of automakers for the efficiency of their vehicles – no matter which fuel or energy source. But manufacturers have no control over the carbon content of electricity generation and cannot be held responsible for energy mix decisions made decades ago.

While it is also acknowledged that the upstream impact of electricity generation needs to be addressed politically in order to ensure the credibility of a policy supporting the electrification of road transport, strategic decisions taken by motor vehicle manufacturers for the decades to come should not be burdened by decisions taken in another sector. If upstream emissions would remain to be allocated in the new rule, the comparative advantage of plug-in electric vehicles dwindles and the attractiveness of these vehicles for motor vehicle manufacturers would significantly decrease. Therefore, the BMW Group continues to maintain that plug-in electric vehicles, on the merits for their own carbon use, should be counted as zero grams per-mile vehicles in the fuel economy and greenhouse gas regulation in the years up to model year 2026 for the electric driving they are designed for.

Extension of Multipliers for Plug-in Electric Vehicles

In order to positively support motor vehicle manufacturers engagement in plug-in electric vehicles by deploying electric drive trains throughout their model portfolio and to spur the market availability of these vehicles, the BMW Group believes that a continuation of multipliers for these vehicles in the fuel economy and greenhouse gas regulations up to the model year 2026 will positively support this development. Therefore, the agencies should consider a continuation of these multipliers in the rulemaking.

Flexibilities from Off-cycle Technologies and Mobile Air Conditioning Refrigerants

Today´s rules allow flexibilities to be used by the motor vehicle manufacturers for fuel saving technologies and efficiency gains which are not covered in the applicable test procedures. To enhance the future use of these technologies and to reward motor vehicle manufacturer's investments taken for future innovations, the agencies should consider the continuation of current flexibilities for the model years 2021 to 2026.

Moreover, the agencies should consider further flexibilities related to connectivity and autonomous driving technologies implemented in the vehicles. These technologies are normally not considered as relating to fuel economy and greenhouse gas reduction. But as these technologies support warning drivers of dangerous traffic situations, they help in reducing accidents and to avoid congestion. Moreover, traffic flows will be smoother, helping to further reduce fuel consumption and emissions. Therefore, credit-based accounting should be taken into consideration for the new rule.

The BMW Group is committed to working constructively with EPA and NHTSA to develop a successful national program that also realizes the greenhouse gas reductions sought by the State of California. We believe by taking into account the above mentioned aspects for the rulemaking for the model years 2021 to 2026, an agreement with the State of California is possible to maintain the One National Program.

If you or members of your staff have any questions or would like to meet with us, please contact me at 201-571-5071 or Dr. Jan Tribulowski at 201-571-5177.

Sincerely,

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